

Medicare Rx Update: June 10, 2005

First... what will the customer need?

For the past few weeks we have been providing information about the Medicare drug benefit and Medicare beneficiaries who are entitled to extra help with their prescription drug costs through the limited income subsidy (LIS) (For more information, click here:

http://new.cms.hhs.gov/partnerships/14_LIS.asp

Indeed, we now have tens of thousands of pharmacies across the country preparing to work with CMS and SSA to assist LIS eligible Medicare beneficiaries with their LIS applications... and we expect to begin seeing a lot of activity at pharmacies very soon.

In addition to applying for the LIS, these beneficiaries will have an opportunity to choose a prescription drug plan beginning November 15th. However, not all beneficiaries will have to make the same choices. In order to understand this 43 million Medicare population and the options they will consider, we offer the following breakdowns so you may begin to think about how to communicate with your customers to help them assess their needs.

1. Medicaid... locked and loaded

There are approximately 6.3 million Medicaid beneficiaries who are currently eligible for or receiving benefits through both Medicare and Medicaid. Medicaid will no longer be responsible for providing prescription drug coverage to these beneficiaries beginning January 1, 2006. These full-benefit dual eligibles will pay no premiums and pay only nominal copays (\$1/3) for their prescription drugs. Moreover, CMS will pre-enroll these beneficiaries in a prescription drug plan so if they fail to proactively enroll; they will automatically be assigned to a Plan. This way, their prescription drug coverage will continue uninterrupted on January 1, 2006. Medicaid dual eligibles do not have to fill out an application for the LIS either... they automatically qualify for comprehensive assistance.

2. Limited Income seniors... coming to a pharmacy near you

Approximately 8.1 million Medicare beneficiaries will qualify for the LIS... in other words, their incomes fall below 150% of the federal poverty level and they meet certain other qualifications to receive subsidized premiums and nominal copays (\$2/5) for their prescriptions. These beneficiaries must apply for assistance with SSA, or their state, in order to receive the LIS assistance. While pharmacies are helping with SSA applications now, these beneficiaries may need help selecting a prescription drug plan in November. Limited Income seniors have every incentive to enroll in a Plan quickly to take advantage of the LIS beginning January 1, 2006.

3. Employer/Union/Public Sector Employees... only choice is for better coverage

Estimates indicate that nearly 11.8 million Medicare beneficiaries will keep the retiree coverage that they currently have because it is as good as or better than the prescription drug coverage they could get through the Medicare program. Employers, unions and public sector employees will be sending a letter to those retirees to inform them if their coverage is "creditable", or as good or better than that offered in the Medicare program.

<http://www.cms.hhs.gov/medicarereform/Credcovrg.asp>

Obviously, beneficiaries who have great retiree coverage may have no choice to make... and it will be important to explain this to them because if they drop their employer coverage they could lose it permanently.

4. Medicare Advantage enrollees... most will stay with a deal that is hard to beat

There are currently 5.7 million Medicare beneficiaries in the Medicare Advantage program who will be able to access prescription drug coverage through their existing plans or new options available to them. These beneficiaries are availing themselves of full medical Medicare benefits through Medicare Advantage Plans... and with the addition of prescription drug coverage they will have added incentives to stay in the Program as this represents an incredible value for a full suite of benefits. Thus, it is likely that many if not most of the Medicare Advantage beneficiaries will select a prescription drug option that is offered by a Plan in which they are already enrolled.

5. Those without good drug coverage... shopping for value

That leaves around 11 million beneficiaries not eligible for LIS and without adequate prescription drug coverage who will be shopping for a prescription drug plan that represents the best value for them. We anticipate that these beneficiaries will enroll in the new benefit after they assess their options. Depending upon their circumstances, this may mean that some beneficiaries will wait to enroll until late in the initial enrollment period which ends on May 15th. It will be important to let these beneficiaries know that they must enroll in the benefit before the end of the open enrollment period to avoid a penalty for late enrollment. They need to be reminded that this is insurance and even if they don't think they need it now, it is likely they will in the future... and the longer they wait, the more it will cost them in premiums. (Click here for more on late enrollment penalties: http://questions.cms.hhs.gov/cgi-bin/cmshhs.cfg/php/enduser/std_alp.php?p_sid=TSA6fzHh&p_lva=4379&p_li=&p_page=1&p_cat_lvl1=130&p_cat_lvl2=%7Eany%7E&p_prod_lvl1=%7Eany%7E&p_prod_lvl2=%7Eany%7E&p_search_text=%2Blate+%2Benrollment+%2Bpenalty&p_new_search=1)

* If the link above does not work, try cutting and pasting it into your browser.

Playing by the numbers... and helping beneficiaries make choices

Understanding these population segments and beneficiary situations is key to helping beneficiaries decide what choices to make... and perhaps not make... when contemplating the new Medicare prescription drug benefit. Knowing what the customer needs is as important in this case as knowing what the customer wants.

Next week we will provide more information about the benefit. But please give us your feedback and let us know what we can tell you to help you prepare by sending an e-mail to "CMS Larry.Kocot.Pharmacy@cms.hhs.gov"... we will provide an answer to your "question of the week".

Question of the Week:

"Have you clarified the policy on 90 days at retail?" (click below for the answer)

http://questions.cms.hhs.gov/cgi-bin/cmshhs.cfg/php/enduser/std_adp.php?p_sid=QYSwp-Gh&p_lva=&p_faqid=4379&p_created=1112217978&p_sp=cF9zcmNoPTEmcF9ncmlkc29ydD0mcF9yb3dfY250PTE4JnBfc2VhcmNoX3RleHQ9OTAgZGF5JnBfcHJvZF9sdmwxPX5hbnI_JnBfcHJvZF9sdmwyPX5hbnI_JnBfY2F0X2x2bDE9MTMwJnBfY2F0X2x2bDI9fmFueX4mcF9wYWdlPTE*&p_li=

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